

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 97-172

August 6, 1997

PUBLIC UTILITIES COMMISSION
Amendment to Chapter 43, Cost of
Gas Adjustment for Gas Utilities

ORDER ADOPTING AMENDED
RULE, CHAPTER 430

WELCH, Chairman; NUGENT and HUNT, Commissioners

I. SUMMARY

In this Order we adopt without modification the revisions to Chapter 43, Cost of Gas Adjustment of Gas Utilities, proposed in our Order Commencing Rulemaking issued on April 1, 1997. The changes update statutory citations in the rule, simplify certain reporting requirements, and revise the definition of Cost of Gas to bring it into conformity with current industry usage and a recent commission decision.

II. PROCEDURAL HISTORY

On April 1, 1997, this Commission issued an Order Commencing Rulemaking, Docket No. 97-172: Amendment to Chapter 43, Cost of Gas Adjustment for Gas Utilities. A copy of the proposed revised rule was attached to the Order. The Order was mailed to parties participating in recent gas utility cost of gas adjustment proceedings and requested comments by May 14, 1997. We received comments from the Public Advocate Office on May 14, 1997. We received no other comments.

III. PROPOSED CHANGES AND SUPPORTING REASONS

The changes to statutory citations update the references in the rule to sections of Title 35, repealed in 1987, with references to corresponding sections in Title 35-A, the current statute governing public utilities. In addition, the number of this rule is changed from Chapter 43 to Chapter 430, consistent with the Commission's practice to provide three-digit numbering of all its rules whenever a rule that has a two-digit number is amended.

Changes to reporting requirements include changing section 9(A) to require quarterly rather than monthly reports on already established operational and accounting items. We delete section 9(B) to eliminate the requirement of annual filings of long range gas cost projections. These changes eliminate reports that the Commission Staff identified as unnecessary.

Regarding the change to the definition of "cost of gas," section 1(D) currently excludes "storage costs" from the cost of gas. Since the adoption of FERC Order No. 636, which unbundled pipeline gas sales, it is standard practice in the gas industry to treat storage costs as one of the costs of gas. The proposed revision inserts "on system" before the phrase "storage costs"; the effect of this revision is to include off-system storage costs in the cost-of-gas definition, while continuing to exclude on-system storage costs from that definition. This change makes the Maine definition of gas costs consistent with current industry use and practice, and with the Commission's recent order allowing Northern Utilities to recover LNG storage costs through the cost of gas mechanism. See Northern Utilities, Inc., Proposed Precedent Agreement with Granite State Gas Transmission, Inc. for LNG Storage Service, Docket No. 95-480, Northern Utilities, Inc., Proposed Precedent Agreement with Portland Natural Gas Transmission System for Transportation Service, Docket No. 95-481 (Aug. 9, 1996).

IV. DECISION

At the time we issued our Order Commencing Rulemaking we believed that the changes proposed for Chapter 43 were desirable, for the reasons given in the preceding section. The comments of the OPA supported all of the proposed changes. No other party commented.

In its comments, OPA points out a typographical error in the definition of "cost of gas," on page 1 of the proposed rule. The last two lines of this definition should read "other non gas-related expenses incurred on-system by the gas utility." We correct this error in the final revision of Chapter 43 attached to this Order.

Accordingly, we

O R D E R

1. That the attached Chapter 430, Cost of Gas Adjustment of Gas Utilities, is approved and effective five days after acceptance of filing by the Secretary of State;
2. That the Administrative Director of the Commission shall mail a copy of this Order Adopting Rule and Statement of Factual and Policy Basis and the attached rule to:

- A. All parties on gas utility cost of gas adjustment service lists in the past three years;
 - B. All persons on the Commission's subscriber list who have requested notice of rulemakings;
 - C. The Bureau of Corporations, Elections and Commissions in the Office of the Secretary of State; and
 - D. The Executive Director of the Legislative Council (20 copies).
3. That the Administrative Director shall send a written notice of the adoption of this rule to the Secretary of State, on the form provided by the Department of State for that purpose, for publication in accordance with 5 M.R.S.A. § 8053(5).

Dated at Augusta, Maine, this 6th day of August, 1997.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Hunt